

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2016/2017

BAC2654 – PUBLIC SECTOR ACCOUNTING

(All sections / Groups)

13th OCTOBER 2016

2.30 p.m. – 5.30 p.m.

(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **FOUR (4)** printed pages with **FOUR (4)** questions.
2. Attempt **ALL** questions. All questions carry equal marks, and the distribution of marks for each question is given.
3. Please write all your answers in the booklet provided.

QUESTION ONE

Read the following news report, and answer the given questions.

No plan for review of capitation grants rates

April 20, 2011, Wednesday

THE government has no plan for now to review the capitation grant rates; the Dewan Negara was told yesterday. The grant is aimed to help state governments with their management expenditure.

Deputy Finance Minister Datuk Donald Lim Siang Chai said the rates had been revised a few times, and the present ones were introduced following a revision in July 2002.

It saw the annual grant for the first 100,000 residents in every state fixed at RM72 per person.

The rates are RM10.20 per person for between 100,001 and 600,000 people, RM10.80 per person between 600,001 and 1,100,000, and RM11.40 per person for 1,100,001 residents or more. — Bernama

Source: <http://www.theborneopost.com/2011/04/20/no-plan-for-review-of-capitation-grant-rates/> [assessed on 19th July 2016]

Required

- a. Explain the capitation grant as prescribed by Article 109 (1) (a) of the Federal Constitution. **(5 marks)**
- b. According to population statistic in 2010, the population for Selangor (5,462,141), Negeri Sembilan (1,021,064), and Perlis (231, 541) respectively. Compute the capitation grant for each state in 2010. **(15 marks)**
- c. If a particular State Government is a concern with existing rates of the capitation grant, provide advice how to revise up the rates. **(5 marks)**

[TOTAL: 25 MARKS]

Continued...

QUESTION TWO

Read the following news report, and answer the following questions.

Saturday, 16 November 2013 | MYT 12:00 AM

An emphasis on outcomes: A new way of government budgeting promises more impact and value for money

by ERROL OH

IN his Budget 2014 speech last month, Prime Minister Datuk Seri Najib Tun Razak used a term that wasn't in our mainstream vocabulary – outcome-based budgeting (OBB). Okay, perhaps it will never be something that rolls off the tongue, but this new way of doing things may have a quiet but significant impact on how the country is governed.

“To improve budget management, OBB was introduced to ensure that allocation is based on outcomes; improve the efficiency of implementation; reduce redundancy as well as systematically evaluating the performance of all government programmes and projects,” Najib said in the Dewan Rakyat on Oct 25.

Source: <http://www.thestar.com.my/business/business-news/2013/11/16/an-emphasis-on-outcomes/> [assessed on 19th July 2016]

Required

- a. Explain the objectives of adopting of output based budgeting (OBB) in Malaysian public sector accounting environment. **(4 marks)**
- b. Discuss the weaknesses of the previous programme and performance budgeting system (PPBS). **(5 marks)**
- c. Relate the concept of appropriateness and 3Es in the evaluation stage of output based budgeting (OBB). **(16 marks)**

[TOTAL: 25 MARKS]

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QUESTION THREE

Read the following news report, and answer the following questions.

Auditor General to identify weaknesses

22 MARCH 2016 @ 11:11 AM

PUTRAJAYA: The Auditor General will carry out an independent forensic audit of the Youth and Sports Ministry and its related agencies to identify weaknesses in their financial procedures and systems. The National Sports Council (NSC) will also be put through this audit process. Chief Secretary to the Government Tan Sri Dr. Ali Hamsa said this following a call by the minister Khairy Jamaluddin for one to be had. He said the audit would likely be completed within the first quarter of this year. The New Straits Times had last Monday exposed a story of senior government officials being on the Malaysian Anti-Corruption Commission (MACC) radar for their involvement in the misappropriation of tens of millions of Ringgit from the government.

On Thursday, MACC arrested a 56-year-old official with the Youth and Sports Ministry whom they believed had masterminded the misappropriation of government funds since 2010. MACC also seized assets from the suspect worth about RM20 million, including 12 vehicles, designer handbags, and expensive jewellery, besides freezing 69 bank accounts containing RM8.3 million. Ali reminded secretaries-general of their role as each ministry's gatekeepers who must be aware of the goings-on in their ministries including the approval of finances, adding that he was uncertain if the ministry's secretary-general was misled in the case of the Youth and Sports Ministry official. He also said similar independent forensic audits would be carried out in other ministries. "At present, the procedures and systems in the civil service are good if everyone goes by the book. "We cannot make conclusions now in this case. "However, we must find out how the financial controller had missed this and how the vouchers were issued." He said civil servants holding sensitive positions should only serve between three and five years in their positions. Ali said the ministry official detained by MACC would be suspended from his position, pending an investigation.

In a statement later, Ali said Prime Minister Datuk Seri Najib Razak had instructed ministries, government departments, and agencies to exercise extra vigilance, transparency, and accountability. "The prime minister has instructed there be an investigation into this matter with immediate effect," he said in the statement.

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Meanwhile, Treasury Secretary-General Tan Sri Dr. Mohd Irwan Serigar Abdullah said the government would tighten procedures for expenditure to ensure that all secretaries-general could examine thoroughly monies used for projects or programmes. "As we all know, the ministries are screened by their internal audit departments and the National Audit Department. "The audit report must state every detail of the spending and allocation." He said the Treasury had set clear financial procedures, but some officers failed to comply with them.

Source:<http://www.nst.com.my/news/2016/03/134316/auditor-general-identify-weaknesses> [assessed on 19th July 2016]

Required:

- a. Differentiate the internal audit process and external audit process in a public sector organisation. (6 marks)
- b. Discuss the nature and scope of work of the Auditor General. (6 marks)
- c. From the report, explain the roles of the Ministry Secretary General in ensuring accountability in public sector organisation. (13 marks)

[TOTAL: 25 MARKS]

QUESTION FOUR

- a. Domestic loans are obtained with limits of borrowing based on the Loan (Local) Act 1959. Currently, the ceiling under the Act is not more than 40 percent of the total Gross Domestic Product. Elaborate the mechanism of raising domestic loans in a Malaysian public sector environment. (12 marks)
- b. Discuss the purposes of reconciliation of vote book in Malaysian public sector financial accounting system. (6 marks)
- c. According to Government Accounting Standard No.2, the federal public accounts consist of four components including Notes to the Accounting. Explain the elements of Notes to the Accounts. (7 marks)

[TOTAL: 25 MARKS]

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